

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
MCALLEN DIVISION**

In re:)	
)	
GARCIA GRAIN TRADING CORP.,)	Case No. 23-70028
)	
Debtor.)	Chapter 11
)	

**ORDER CONCERNING DEBTOR'S EMERGENCY MOTION FOR AUTHORITY TO
INSTITUTE FOREIGN COLLECTION PROCEEDINGS**

On the 14th day of April 2023, came on to be considered that *Debtor's Emergency Motion for Authority to Institute Foreign Collection Proceedings* (the “**Motion**”) [Docket #141] filed by the Debtor. The Court has reviewed the Motion and having determined that such notice and opportunity for hearing of the Motion as has been given by the Debtor of this Motion and the setting of this hearing is reasonable under the circumstances, and having considered the evidence presented, along with the arguments of counsel for the Debtor and other creditors and interested parties, the Court enters the following findings and orders concerning the Motion:

1. On February 17, 2023 (the “Petition Date”), the Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the “Bankruptcy Code”). The Debtor continues to operate its business and manage its property as a debtor-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.
2. An Official Committee of Unsecured Creditors (“Committee”) has been appointed in this case and has sought authority to employ professionals on its behalf.
3. The Debtor, Garcia Grain Trading Corporation (“Debtor” or “Garcia”), is a corporation duly organized and existing under the laws of the State of Texas which operates a business which is involved in the buying of feed grains in the Rio Grande Valley and Coastal Bend

areas of Texas and selling them to customers in Mexico. In addition to trading feed grains in the Rio Grande Valley, the Debtor is also engaged in the business of buying and selling black and pinto beans as well as other commodities from suppliers in the upper Midwest of the United States and selling them to customers in the interior of Mexico.

4. The Debtor sells grain to customers into Mexico by using the importation services of a related entity which is a corporation organized in Mexico by the name of Granos Y Cereales Rio Bravo SA de CV (“Rio Bravo”). Rio Bravo acts as the importer for all corn and milo sales imported into Mexico as well as all sales of pinto and black beans to customers in Mexico.
5. In its role as importer, Rio Bravo invoices the customers for the charges associated with the purchases of the feed grains and beans, and the customers then pay Rio Bravo for the invoices, to which Rio Bravo deducts the importation fees, and finally then wires the net receipts to the appropriate Garcia Grain account in the United States.
6. On the Petition Date, the Debtor showed accounts receivable in the approximate amount of \$3,637,367.27. The accounts receivable listing reflected in the Schedules included receivables due from customers located both within the United States and in Mexico. StoneX Commodity Solutions LLC f/k/a FCStone Merchant Services, LLC (“StoneX”), Vantage Bank Texas (“Vantage”), and GrainChain, Inc. (“GrainChain”), are creditors in this bankruptcy proceeding that assert security interests, or alternatively, ownership interests, against these accounts receivable (collectively referred to herein as “Secured Creditors”).

7. Each of the Secured Creditors have been granted post-petition replacement liens in all of the Debtor's inventory and accounts in the same priority and in the same nature, extent, and validity as such liens, or ownership interests, existed pre-petition.
8. Attached as Exhibit "A" is a listing of the accounts receivable reconciled from the Petition Date through March 31, 2023. This report shows the names of the customers, along with the outstanding balances owed, as of the Petition Date and reflects collections from the customers that have occurred since the Petition Date. The Debtor further reports that all collections for the outstanding amounts owing for customers purchasing feed grains have been deposited into the Debtor in Possession Grain Escrow Account, and all sums for the purchasers of black and pinto beans have been deposited in the Debtor in Possession PACA Reserve Account. As of April 6, 2023, the amount in the Grain Escrow Account from collections of accounts receivable is estimated to total approximately \$226,000 and the amounts collected from beans receivables deposited in the Debtor in Possession PACA Reserve Account totals \$602,977.
9. The Motion of the Debtor seeks to institute foreign collection procedures as it relates to accounts receivable of the Debtor located in Mexico, pursuant to the provisions of 11 U.S.C. § 105. The collection proceedings in Mexico would be pursued by the related entity known as Rio Bravo by its engaging the law firm of Sanchez Devanny in Mexico City, Mexico ("Sanchez") to assist in these collection efforts. The Debtor has disclosed to the creditors and the Court that Sanchez has represented creditor GrainChain in other, unrelated matters, and GrainChain facilitated the introduction between Sanchez and the Debtor.

10. The Court finds that it is appropriate for the Debtor to institute collection procedures in Mexico by its related entity, Rio Bravo, being allowed to grant to Sanchez a power of attorney under Mexican law to undertake an investigation of the best manner and means to collect the outstanding accounts receivable due Rio Bravo in Mexico, specifically conditioned upon and subject to the following orders of the Court.

IT IS THEREFORE, ORDERED, ADJUDGED AND DECREED, that the Debtor is hereby granted authority to institute foreign collection procedures in Mexico such that its related entity, Granos Y Cereales Rio Bravo SA de CV (“Rio Bravo”), the importer in Mexico which the Debtor employs to sell its feed grains and beans in Mexico, grants to the law firm of Sanchez Devanny in Mexico City, Mexico (“Sanchez”) a power of attorney and executes an appropriate engagement letter consistent with this Order so that Sanchez may investigate the most appropriate manner and means to pursue collection efforts of the accounts receivable due Rio Bravo from the customers in Mexico shown on the attached Exhibit “A.”

IT IS FURTHER ORDERED that prior to Sanchez initiating its analysis of the most appropriate methods to collect the accounts receivable in Mexico which are derived from the importation of the Debtor’s inventory of feed grains and beans, or undertaking any actions to collect the receivables, the Debtor shall file with this Court a motion in compliance with the provisions of 11 U.S.C. § 327 including an appropriate statement of disinterestedness which reflects the terms of any proposed engagement of Sanchez including any proposed retainer, hourly rates, or other such terms of its employment. The motion requesting the authority to engage the services of Sanchez shall include the proposed method for it to seek compensation and reimbursement of its expenses that complies with the rules and regulations of the Bankruptcy Court as well as the Federal and Local Bankruptcy Rules of Bankruptcy Procedure.

IT IS FURTHER ORDERED that the terms of the engagement of Sanchez shall provide that any collections from the accounts receivable due Rio Bravo will be deposited upon their collection into the Debtor in Possession accounts by Sanchez wire transferring the proceeds from such collections to either the Debtor in Possession Grain Escrow Account or the Debtor in Possession PACA Reserve Account depending upon whether the proceeds from such accounts receivable are derived from sales of feed grains or beans.

IT IS FURTHER ORDERED that any secured creditors claiming an interest in the accounts receivable collected pursuant to this procedure will maintain their liens or ownership interests against the proceeds collected from the accounts receivable to the same extent, nature and validity as such claims existed prior to the Petition Date.

IT FURTHER ORDERED that the Debtor shall provide an accounting of any collections it receives from Sanchez and reflect any such revenues it derives from the foreign collection proceedings in its Monthly Operating Reports filed in compliance with the procedures established by the Office of the U.S. Trustee, and without an order from this Court allowing the Debtor's use of such funds, such funds shall not be withdrawn from the Debtor in Possession Grain Escrow Account or the Debtor in Possession PACA Reserve Account.

IT IS FURTHER ORDERED that Sanchez shall periodically file with this Court applications for compensation and reimbursement of expenses which it may request be paid from the proceeds derived from its collection efforts or from any retainer paid as a condition of its employment or both, and after notice and opportunity for hearing as may be determined by the Court to be reasonable under the circumstances the Court will issue its rulings related to the payment of such request for compensation and reimbursement of expenses, and direct the Debtor to make such payments established by its rulings.

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APPROVED AND ENTRY REQUESTED:

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Garcia Grain Trading Inc.
Account Receivable
As of 03/31/2023

EXHIBIT "A"

Customer	02/17/23	Collection	Adjustment	03/31/23
Abarotera Perna, S.a. De C.v.	\$ 10,531.59	\$ (6,872.00)		\$ 3,659.59
Agroindustrial Progreso Sa De Cv	\$ 32,233.60			\$ 32,233.60
Agrologistica International	\$ 30,526.32			\$ 30,526.32
Alfredo De La Garza	\$ 12,610.53			\$ 12,610.53
Alimentos Santa Maria S. De Pr De Ri	\$ 16,429.00			\$ 16,429.00
Americo Reyna	\$ 49,390.26	\$ (38,889.00)		\$ 10,501.26
Bodega Monterrey Frank Alarcon	\$ 253,645.20	\$ (239,432.00)		\$ 14,213.20
Carlos Hislop	\$ 7,503.95			\$ 7,503.95
Carlos Ortega	\$ 2,546.96			\$ 2,546.96
Cerro Chapo	\$ 6,812.55			\$ 6,812.55
Comercializadora De Granos Y Semillas San Luis	\$ 52,522.11	\$ (55,441.00)	\$ 2,918.89	\$ (0.00)
Comercializadora General De Viveres, S.a. De C.v	\$ 35,353.30	\$ (35,353.30)	\$ -	\$ -
Comercializadora Regato	\$ 809.12			\$ 809.12
Cuca Miranda	\$ 51,091.63			\$ 51,091.63
Daniel Alejandro San Miguel Sanchez	\$ 31,580.24			\$ 31,580.24
Daniel Servin	\$ 36,754.53			\$ 36,754.53
David Torres	\$ 42,471.28			\$ 42,471.28
Distribuidora Y Comercializadora La Semillita Sa De Cv	\$ 25,067.37			\$ 25,067.37
Edelmiro Cantu	\$ 17,593.78			\$ 17,593.78
El Texano Food	\$ 41,650.00	\$ (43,842.00)	\$ 2,192.00	\$ -

EXHIBIT "A"

Garcia Grain Trading Inc.
Account Receivable
As of 03/31/2023

Customer	02/17/23	Collection	Adjustment	03/31/23
Enagro Agroinustrial, S.a. De C.v.	\$ 24,767.40			\$ 24,767.40
Eneral Terra 1	\$ 31,746.53			\$ 31,746.53
Engordas La Reforma,s. De Pr De Rl.	\$ 32,987.79			\$ 32,987.79
Ernesto Ramos	\$ 26,967.25			\$ 26,967.25
Escada Cattle Llc	\$ 24,759.04			\$ 24,759.04
Farmers Seed & Fertilizer	\$ 78,520.00			\$ 78,520.00
Felipe Ortiz	\$ 18,542.55			\$ 18,542.55
Forrajera Chapa Sa De Cv	\$ -			\$ -
Forrajes Tesistan, S.a. De C.v.	\$ 629.26			\$ 629.26
Fortinova S.a. De C.v.	\$ 16,527.11			\$ 16,527.11
Guillermo Castañeda	\$ 22,615.34	\$ (1,133.00)		\$ 21,482.34
Harinera Irapuato, S.a. De C.v.	\$ 159,516.31	\$ (16,429.11)		\$ 143,087.20
Impapservicios Comerciales S.a. De C.v.	\$ 11,187.12			\$ 11,187.12
Impor Agri, S.a. De C.v.	\$ 10,126.38	\$ (62,938.88)		\$ (52,812.50)
Inzumos Maez, S.a. De C.v.	\$ 10,000.00			\$ 10,000.00
Jesus Alvizu	\$ 4,798.90	\$ (4,656.00)	\$ (142.90)	\$ (0.00)
Jesus Quintanilla	\$ 4,185.00			\$ 4,185.00
Jose Antonio Bojorges	\$ 49,418.53			\$ 49,418.53
Jose Luis Alcazar	\$ 27,770.00			\$ 27,770.00
La Heradura	\$ 52,481.58	\$ (55,397.00)	\$ 2,915.42	\$ (0.00)

Garcia Grain Trading Inc.
Account Receivable
As of 03/31/2023

Customer	02/17/23	Collection	Adjustment	03/31/23
Lazaro Elizondo	\$ 12,241.69			\$ 12,241.69
Leal Farms Llc	\$ 123,238.47			\$ 123,238.47
Lorena Cepeda	\$ 51,352.29			\$ 51,352.29
Luis Fernandez	\$ 8,491.54			\$ 8,491.54
Luis Lauro Cantu	\$ 543,750.11			\$ 543,750.11
Meals & Grain Inc Sorghum	\$ 60,824.51			\$ 60,824.51
Omar Gonzalez	\$ 21,733.39			\$ 21,733.39
Oscar Magana	\$ 16,656.84			\$ 16,656.84
Oscar Obeth Hernandez	\$ 0.03			\$ (21,260.97)
Oscar Preciliano Espinoza	\$ 5,454.15			\$ 5,454.15
Pedro Plumariaga	\$ 51,567.16			\$ 51,567.16
Proan Sa De Cv	\$ 4,566.06			\$ 4,566.06
Productores De Friol De San Juan	\$ 84,562.31			\$ 84,562.31
Ramiro Sanchez	\$ 47,177.89			\$ 47,177.89
Rancho Ganadero San Gilberto	\$ 19,098.24			\$ 19,098.24
Rancho La Joya, S. De Pr De RI	\$ 11,356.50			\$ 11,356.50
Rene Martinez	\$ 2,600.00			\$ 2,600.00
Rio Beef Inc	\$ 626,186.55			\$ 626,186.55
Sergio Suarez	\$ 34,951.26			\$ 34,951.26
Servicios Agropecuarios Canoas S.a. De C.v.	\$ 90,057.96			\$ 90,057.96

Garcia Grain Trading Inc.
Account Receivable
As of 03/31/2023

Customer	02/17/23	Collection	Adjustment	03/31/23
Super Abarrotes La Y Griegas	\$ 52,631.58	\$ (5,556.00)		\$ 47,075.58
Trigo Ruiz	\$ 31,308.26			\$ 31,308.26
Union Ganadera De Piedras Negras	\$ 316,784.87			\$ 316,784.87
Union Ganadera Regional De Nuevo Leon	\$ 35,866.23			\$ 35,866.23
West Star Food Co	\$ 20,240.00			\$ 20,240.00
Grand Total	\$ 3,637,367.27	\$ (587,200.29)	\$ 7,883.41	\$ 3,058,050.39